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THE PARISIAN BILL MARKET IN THE SEVENTEENTH CENTURY

The history of the bill market cannot be given a very precise beginning. The term "market" can be applied in such a variety of circumstances that something of the kind may be found at a very early date. The commercial exchanges of the Middle Ages, however, were essentially different from the financial centers of modern times. The general wholesale trade of Europe during that period was concentrated in periodic fairs and liquidated in large measure by an application of book credit, not unlike the transactions between banks in the modern clearing-house. These clearings were periodic and included only specific lines of trade. The modern bill market is distinguished by the comprehensiveness and continuity of its activity. All manner of obligations to pay enter into its dealings and lead to the daily buying or selling of bills in an open market.

The clearest and earliest description of the new tendencies appears in Roberts' *Merchants' Mappe of Commerce* (1637). He says:

Some places are observed to be the staples of Exchanges. . . . And forasmuch as it is observed that some other cities where no set exchanges are found, sometimes challengeth by the necessity of traffic and commerce, a course of exchanging with these or like places, and yet hath none settled therein. Then, and in such cases is it seene, that the metropolis, or principall cities of these countries, prescribes both the rule, rate, and condition thereto, as if Vicentia, Verona, or Padua, would frame an exchange with Placentia, it is observable that the rate of Venice in which estate these said places are found to be . . . gives the rule, rate, and condition thereto. So in Pavia, Como, and other towns of the Duchy of Milan, as in Milan itself. So in Bristol, Yorke, Chester, or Hull, or other towns in England, as in the city of London, the principall of that iland. So have the cities of France their rule from Lyons. All places of Flanders from Antwerp, and so have the like in other places and countries.

Now forasmuch as exchanges then are not found current in all places, Exchanges, Bankers, and Merchants have settled a common course of

exchanging in some certain, particular, and principall places, the which are observed in these daies chiefly to be these:

For Italy, 13: Rome, Genoa, Milan, Naples, Bari, Messina, Bologna, Venice, Florence, Lucca, Lechie, Palermo, Bergamo.

For France, 3: Paris, Lyons, Rouen.

For Spain, 6: Valentia, Barcelona, Alcala, Saragossa, Seville, Medina del Campo.

For Portugal: Lisbon, onely.

For Flanders: Antwerp, onely.

For England: London, onely.

For Germany, 5: Vienna, Nuremberg, Cologne, Augsbug, Frankfort.

Besides which some others of lesser note are observed to have an exchange current, but by reason that in some sort they have in most principal points a dependence upon some of these, and a concordance with them, they are by most authors neglected, and shall be by me wholly omitted.¹

This description is interesting because of its emphasis upon a characteristic feature of the modern bill market—its position in the metropolis of a definite area. The central market stands as intermediary between the dependent territory and the outside world. The relationship between metropolis and provinces is the most novel feature of the new mercantile organization based on the bill of exchange and the metropolitan bill market. The commercial predominance of the metropolis was not perhaps assured when Roberts wrote, but there was enough to suggest the generalization, and the succeeding centuries have made this metropolitanism the most conspicuous feature of our modern life. The financial machinery of the metropolis is founded upon the bill market, and the development of metropolitan domination of the provinces can be most closely followed by tracing its history; and while the history of French conditions tells only part of the story, it marks the beginning of the change in Europe as a whole.

Roberts speaks of three important exchange centers in France, Rouen, Paris, and Lyons. A more detailed description of French conditions is to be found in Savary, who says:

It is to be observed that most of the towns of France do not always have direct correspondence with foreign kingdoms and states. To remit or to draw on Italy, they have their correspondents at Lyons. The Lyonese have their agents at Milan, Genoa, Bologna, Florence, Venice, Rome, and other Italian

¹ Lewis Roberts, *A Merchant's Mappe of Commerce* (London, 1637), pp. 2-3.

towns. For the Levant, merchants have correspondents at Marseilles, at Smyrna, or at Constantinople, and those merchants have correspondents in Persia, and other states of Asia. Those who wish to draw or remit to Germany, Sweden, Poland, Denmark, Muscovy, and to other states of the North, to Spain, or to Portugal, have their correspondents at Amsterdam, at Antwerp, or at Hamburg. England is the only country with which the merchants and bankers of the French commercial towns have direct correspondence.¹

The relations between the Low Countries and France fall into two broad divisions.

The merchants of Antwerp do most of their business at Rouen, at Nantes, or at Bordeaux; primarily a trade in wines, brandies, and linen. The merchants of Brussels, Ghent, and other towns trade particularly at Paris, both for the purchase of merchandise and for what they sell on commission, or in commenda, or in simple association. They bring their merchandise to the fairs of St. Germain, St. Denis, and to the fairs of Rouen.²

Furthermore, Paris was, to a certain extent, in direct correspondence with some of the Italian towns. "The merchants of Milan, Genoa, Venice, and Florence have correspondents at Paris as well as at Lyons. Through these agents they sell merchandise on commission and engage in exchange business, making drafts and remittances continually."³ Paris was thus possessed of influence both in the north and in the south. The business with the Low Countries was divided with Rouen; the business with Italy was shared with Lyons. It was this multiplicity of relations that gave Paris its great hold on French trade. Gradually, in the course of the century, more and more business was drawn to Paris, and steadily but surely the independence of Rouen and of Lyons was destroyed.

The rivalry with Lyons is the most striking episode in the rise of Paris. The situation of Lyons was so commanding, its industrial and commercial basis so thoroughly guaranteed, its privileges so numerous, that in 1600 it would have seemed foolhardy to suggest the possibility of its losing the prestige acquired in the sixteenth century. Among the privileges granted the city was the right to inspect all merchandise entering the town. This privilege was a

¹ Jacques Savary, *Le Parfait Négociant* (1675, first edition, later editions with additions noted; all references are to the seventh edition, Genève, 1752), I, 273.

² *Ibid.*, I, 485.

³ *Ibid.*, p. 517.

natural sequence of the establishment of the silk manufacture at Lyons. The imports were so largely silk goods that the master-weavers of Lyons were constantly menaced, as they represented, by the introduction of falsified goods, fabrics made of inferior silks and afterward weighted with gum to conceal the inferiority in material and to give a false impression of the actual weight of the goods. The plea was so well grounded, and so innocent in appearance, that the Lyonese were given the right to inspect and levy duties on all silks and other goods coming from Italy.¹ In 1613 the privileges were extended. All merchandise from the provinces of Languedoc, Provence, and Dauphiné which were destined for Savoy, Dombes, Franche Comté, Switzerland, and Geneva were required to pass through Lyons to pay duty. Similarly, the silks manufactured at Avignon and the raw and dyed silks manufactured in Languedoc could not be exposed for sale in any part of France until they had been carried to Lyons and had paid duties to the municipality.²

The seemingly innocent demands of the Lyonese silk-weavers had thus resulted in a very rigid tyranny over all Southeastern France. By this and the preceding patents Lyons was given complete control of all the general trade of the lower Rhone valley. Nothing could enter or leave this region without being inspected by the Lyonese and without paying heavy dues. By administrative ordinance Lyons was made the metropolis of Southeastern France, and the natural predominance of Lyons was strengthened by artificial means.

The tyranny of the Patent of 1613 was so excessive that some alteration soon became necessary. The obligation to carry all merchandise through Lyons was utterly impractical. Languedoc was gradually developing considerable trade with Paris, which

¹ The complete and careful history of the *Douane de Lyon*, by Charléty (*Revue de l'histoire de Lyon*, 1902, p. 487), is not accessible at the moment of writing. See Levasseur, *Histoire des classes ouvrières avant 1789*, 2d ed., II, 88. The principal measures of the sixteenth century are: 1540, order that incoming silks should pass Lyons to be inspected, also to pay 5 per cent; 1558, product of the duty granted to Lyons.

² Arch. Nat., G⁷. 294, Mémoire donné à M. Colbert par les fermiers des Fermes Unies, 1682. This material summarizes the history of the *Douane de Lyon* so well that I omitted to take references to Charléty's article when in Paris.

passed north through the mountains of Auvergne, or went around by way of Toulouse and thence north through Central France. Dauphiné and Provence were engaged in trade with Savoy, which could be most easily shipped direct without passing through Lyons. Languedoc was engaged in trade with Italy, and these commodities could not be sent through Lyons without great inconvenience and excessive expense. The necessity of some moderation of the customs system led, in 1632, to the establishment of a series of Lyonese custom-houses on the frontiers of all the provinces affected by the Letters Patent of 1613. Goods might then be shipped through any of the Lyonese bureaux on paying the proper dues.¹ The predominance of Lyons thus assumed the form that appeals most strongly to modern eyes—it had a customs district of its own, and its own tariff.

After 1632 the *Douane de Lyon* ceased for a time to attract much attention, the concessions granted relieved the immediate pressure, and the silk manufacturers of Languedoc made little complaint until the beginning of the period of rapid growth in the early years of Colbert's rule. The complaints began again about 1670, when the merchants of Languedoc sought complete exemption from the *Douane de Lyon* and freedom of trade with Paris and with Italy. Two ordinances were issued in 1670, permitting merchants to bring goods into Provence, Languedoc, and Dauphiné by way of Marseilles without passing through Lyons, if the goods were destined for the consumption of the three provinces.² In October, 1672, Colbert wrote to the Provost of Merchants at Lyons, saying that the *Douane de Lyon* was not to be rigorously enforced, and that the merchants of Nîmes should be allowed to ship to Paris the six bales of silk that had been seized in the bureaux of Auvergne.³

The struggle against the *Douane de Lyon* continued without much visible success, but the privileges of Lyons were slowly undermined by special orders, and after 1700 the rights of Lyons

¹ Arch. Nat., G⁷. 294, *Mémoire des Fermiers*, 1682.

² Arch. Nat., G⁷. 355, *Arrêt du Conseil*, 10 Décembre 1670, to interpret *Arrêt* of 3 Février 1670.

³ Arch. Nat., G⁷. 355, 25 Octobre 1762, Colbert aux Prov. des Marchands de Lyon (copie). See also G⁷. 355, *Arrêt du Conseil*, 2 Juin 1674.

lost their importance. The decline of Lyons was relative. Even today Lyons is somewhat independent as a foreign exchange center, but its prestige is gone. Rouen enjoyed even less independence than Lyons. In some branches of trade with the Low Countries it was important, but it was overshadowed by Paris even in the seventeenth century.

The rivalry with Lyons and Rouen was not the only restriction upon the predominance of Paris in France. There were many towns whose trade was still distinctly municipal. In these cases each voyage was a separate venture which did not enter into the general credit movement. Of these relatively independent towns, St. Mâlo was one of the most important. The usual aspect of trade is described by the Bishop in a letter of June, 1673. He says:

Last Thursday, after finishing High Mass, I was preparing to carry the sacrament in procession when I was told that the fleet was in sight. The whole town was carried away with transports of delight, and with thankfulness to God. You may well imagine that the procession was not carried through without some manifestations of impatience on the part of the inhabitants, who wished to hasten to the walls to watch the approach of these frigates actually bearing ten or eleven million livres. They assure me that they might have brought more, if they could have foreseen the rise in the price of piasters. . . . I had the pleasure of entering the house of one of the Captains, who has brought, for his share, 5,600,000 écus (16,800,000 fr.). His shelves are propped up at every point to bear this quantity of ingots, plate, and coin. In the memory of man such a quantity of specie has never entered St. Mâlo.¹

The only unusual feature of this incident is the amount of specie brought in, exceeding the estimate of the total specie payments of Spain to France. But this is, on the whole, the characteristic form of the trade. Each outgoing fleet not only represented a distinct mercantile venture, but, in its outward and homeward trip, it constituted a complete commercial transaction.² The

¹ Bib. Nat., Mel. Colb., 164, 321, St. Mâlo, 3 Juin 1673, Évêque de St. Mâlo à Colbert.

² For a note of such a trip to the West Indies see Arch. Nat., G7. 181, St. Mâlo, 28 Octobre 1699, Gallet de Coulange, Receveur des Fermes: "Le vaisseau le Gentille de St. Mâlo sortit d'icy au mois de Mars 1698, avec une emplette d'environ 60 mille écus pour negocier à la coste des Indes Espagnols . . . Le succes de ce voyage a été enfin heureux. Il est rentré ce matin avec environ 100 mille écus, en piastres, barres, et ingots, 400 cuirs, 80,000 ^{lb.} bois de Campêche et 5-6,000 ^{lb.} de tabac . . . en sorte que cette emplette fait un retour d'environ 130,000 écus."

homecoming ships bore, in goods or in specie, a full return and profit on the goods carried out. The transaction was closed. It was entirely independent of the other foreign trade of the country. But this is not all. Even in the same town there might be distinct trading operations. As each voyage was independent, even the successive voyages to Spain had little organic connection with each other. The commission merchants were the only evidence of permanent trade. The merchants of St. Mâlo, too, did not confine their operations to the Spanish trade. There was a triangular trade with Newfoundland, which had no connection with the Spanish trade of the town. This triangular operation seems to have been relatively new, and the difficulties with the régime of special ports of entry, and with the elaborate system of the farms, are merely another instance of the development of new commercial routes which tended to destroy the old limitations in trade. The Farmers of the Customs proposed, in 1697, to allow no Levant goods to enter the ports of Brittany. The merchants of St. Mâlo at once sent a petition to the Controleur Général:

We humbly beg your Excellency to permit us to state that the merchandise which the Newfoundland fleet brings back from Marseilles and Italy, after disposing of their cod, is all from the Levant, Italy, and Africa, or is included under the category of drugs and spices. If the importation of these goods is prohibited, our ships cannot continue in the fishing industry, as they would be compelled to return without any cargo. This would mean the ruin of our trade and of our town.

The Farmers of the Customs assert that the entry of African goods is restricted to the ports of Rouen and Dunkerque, unless a duty of 20 per cent is paid. We send some of our cloth and other wares to Morocco, whence we bring back hides, wool, and wax. The latter is refined at St. Mâlo and exported to Spain for sale to the West Indian merchants. . . . More than seventy or eighty vessels were preparing for the Newfoundland fisheries, but the prohibitions against the importation of Levantine, Italian, and African merchandise, and of drugs and spices, have so completely surprised the merchants that they have been unwilling to continue their preparations.¹

Between Brittany and the west coast there was trade with Spain, which was similarly independent. The Spaniards took a large part of the surplus grain of Brittany and Olonnais. "The quantity shipped from the provinces of Picardy, Normandy, and

¹ Arch. Nat., G⁷. 180, Décembre 1697, Les Habitants et Négociants de St. Mâlo.

Brittany is uncertain, as everything depends upon the necessities of the Spaniards. The Olonnais are most regularly engaged in this trade, and they are going to and fro continually.”¹ Marans was probably the principal port of the Olonnais, though Rochefort and La Rochelle were also ports of importance. The southern ports of Brittany were: Nantes, Vannes, Quimperle, Auray, Quimper, and Hennebond; on the north coast, Morlaix, St. Brieuc, and St. Mâlo. The northern ports were probably distinctly less important as regards the grain trade. To this list we must add Bordeaux and possibly Bayonne, though the exports were only occasional.² The ports of Spain to which these vessels went were “Savice, Lucas de la Meda, Seville, and all along the coast between St. Lucas and the Strait of Gibraltar.” The grain was free from all duties, and the prohibitions against the export of specie were not enforced. Merchants sending grain were permitted to carry back specie in return. Consequently the returns were almost exclusively in specie.

An attempt was made to limit specie shipments to the value of the grain arrivals, and with this purpose a staff of inspectors was located in each of the ports.

The town officials appoint measurers, who are authorized and required to board the incoming vessels, and to remain on board until the sale is completed. The measurer keeps an exact account of the price and quantity of the grain sold each day, and, at the conclusion of the sale, reports the total product to another official. This report is referred to when the merchant wishes to transport specie from the Kingdom of Spain, as he is allowed to export only that amount of coin. When the merchant has found ships for his return cargo, the measurer goes with him before the port officials, to exhibit the specie that he desires to ship. The money is counted or weighed, and is then loaded on the

¹ Bib. Nat., Fr. 18594 f. 1. *Estat des Marchandises qui viennent en France des Pays Estrangers*. Sans date. This manuscript may be safely attributed to the latter half of the seventeenth century, on the strength of the passage describing the credit given the Spanish merchants trading with the Indies. According to Savary this practice began about 1660 (*Le Parfait Négociant*, I, 529).

² Bib. Nat., Mel. Colb., 115, 341, Pellot à Montauban, 21 Mai 1663; Mel. Colb., 172-79, Bordeaux, 25 Juillet 1675, De Séve; Boislisle, *Correspondence des Contrôleurs Généraux des Finances avec les Intendants des Provinces* (Paris, 1874-97), I, 11, 46, Ris à Bordeaux, 8 Janvier 1684; Arch. Nat., G7. 390, Montauban, 20 Septembre 1684, Bois du Baillet. This grain came down the Garonne from the vicinity of Toulouse and Montauban. See also Mel. Colb., 101, 51, La Rochelle, 21 Mai 1656, Colbert de Terron à C.

vessels indicated by the merchant. These sums are sent back to France in ingots, reals, and pistoles, in breton, norman, or olonnais ships, particularly the latter. It is to be observed also that at times the Olonnais go to Malaga to load wines and fruits, or to Seville for oils, but the return merchandise is never considerable in amount.¹

The grain trade was thus liquidated almost entirely in specie, and this was permitted willingly by the Spanish authorities. The trade in other types of merchandise was supposed to be paid for in Spanish goods. But this provision was not very rigorously enforced, and, in actuality, the general trade in merchandise resulted in a heavy specie balance in the returns to France.

There was thus much trade that never entered into general credit balances. These districts, too, were quite independent of the capital in other respects, so that the influence of the metropolis, though evident in the seventeenth century, was not the all-inclusive preponderance that we associate with the idea today. But with all these qualifications the sphere of Parisian influence was growing rapidly during the seventeenth century, and the nature of that tendency is pretty clearly indicated by the system of domestic exchange dealing that was becoming established. The woolen trade was liquidated almost entirely by bills of exchange on Paris. The relation of the textile trade to the exchange business of Paris is described in detail in the complaints occasioned by the government notes issued to facilitate the recoinage of 1706 and 1707. The notes were legal tender, and, for a time, specie could be secured only with great difficulty. The necessity of obtaining specie for the payment of workmen was urgent, and the manufacturers of the larger towns were unable to continue their operations. The outward form of the distress was somewhat different from what it would be today, as the domestic system prevailed in most of these towns. The modern employer is thus described as a merchant buying work of the poor artisans. In all these cloth towns the merchants complain of not being able to secure specie for their bills of exchange on Paris.

From Amiens comes the most lengthy complaint:

The merchants are obliged to pay cash for the goods they buy of the poor workmen. But, in order to sell the goods, these merchants must needs give

¹ Bib. Nat. Fr. 18594. Anonymous M.S. cited above.

credit to the local merchants or to those at Paris, receiving in payment bills of exchange of the merchants or bankers of Paris. These bills used to be discounted without any premium, but they have since risen to 5, 6, 7, and 8 per cent and are now at 12 per cent. Frequently the merchants cannot get them discounted at any price whatsoever. This will ruin the commerce and manufacturers of the town. The merchants will be unable to continue their trade, as they cannot find money to pay the artisans. . . . When the bills of exchange fall due and the merchants demand payment, the merchants and bankers of Paris give them government notes.¹

The merchants accordingly demanded that the collectors of taxes be authorized to loan money to the merchants on bills of exchange. The remedy was extreme, but it had already been adopted at Rouen, Elbouef, Abbeville, and other places, so that the demand was not confined to Amiens.

The complaints from the other towns state the same facts. The merchants of Rheims declare that "their commerce is largely with foreigners who designedly pay them in large bills of exchange on Paris."² From Tours the merchants write:

Our trade in France and in foreign countries returns us only bills of exchange on the bankers of Paris. . . . The impossibility of getting specie on these bills has resulted in the refusal of orders to the amount of 800,000^{li}. in the last three months alone. These orders came from abroad, and the goods demanded have been purchased in Holland.³

The merchants of Troyes tell the same story:

Their sales of linen, fustians, and bombazines are made at Paris, or in the provinces, or to foreign merchants, but the payments are made exclusively in bills of exchange on Paris. *These they had discounted by the tax collectors at Troyes for their immediate needs, or they sent them to agents at Laval, Mayenne, Chateau Gontier, or Chollet for the purchase of linens there. The agents were generally furnished with specie by the tax collectors in those places, upon the pay-*

¹ Arch. Nat., G⁷. 89, 11 Juin 1707, Placet des Maires et Eschevins d'Amiens. The *billets de monnaie* were issued only in high denominations (200 ^{li}). See Boislisle, *Mémoires de St. Simon*, XIV, 603, App. XIV; Arch. Nat., G¹. 232, Langres, 10 Mai 1707, Bolange. *Billets de monnaie* should be issued in notes of 50 ^{li}, 150 ^{li}, as well as in 200 ^{li} and over.

² Arch. Nat., G⁷. 231, Reims, 12 Mai 1706, Placet des Marchands de Reims; Arch. Nat. G⁷. 89, Abbeville, 30 Octobre 1706, La Veuve Van Robais; Arch. Nat., G⁷. 232, Reims, 8 Mai 1707.

³ Arch. Nat., G⁷. 527, Tours, 2 Juillet 1706, Les Gardes de la Mercerie à Tours.

ment of a slight premium, such as twenty-five sous per one thousand ll. As all payments at Paris are now made in government notes, the tax collectors refuse to discount bills for less than 6 per cent, instead of 3 or $3\frac{1}{2}$ per cent.

These merchants ask that the tax collectors be ordered to discount bills at the ordinary rates.¹

From Châlons-sur-Marne we have a letter from the Intendant:

Everything contained in the petition of Darras is true. He is the principal manufacturer at Châlons. Several kinds of woolen goods are made, largely for foreign consumption. The agents in foreign countries pay ordinarily in bills on Paris. Formerly it was easy to raise money on the bills here, and with this specie the workmen were paid. *But this is no longer possible since the tax collectors have taken to shipping their specie directly to Paris.* Darras has to send his bills to Paris, and receives there nothing but government notes. . . . If this continues, the manufacturers of the town will be ruined. I see no remedy but the order to oblige the tax collector (Receveur Général des Finances) to take up bills of exchange on Paris within certain limits.²

From Nantes come similar complaints,³ but it is needless to insist further on the general aspects of the situation revealed by this incident. It is more important to reach some conclusion in regard to the probable date of the appearance of this discounting of bills on Paris by the tax collectors in the provinces. The operation was clearly a great step toward a centralized financial organization, and determination of the history of the practice is important. The incidental character of the evidence of 1706 and 1707 shows at least that it was not entirely new, but everything points to the conclusion that it was not a practice that had been long established.

The history of the practice in the northern cloth towns cannot be traced, but for Bordeaux there is scattered material available from 1699 to 1707, and this seems to cover the formation of this commercial arrangement so far as Bordeaux and Paris are concerned. The pressure at Bordeaux in 1699 has no connection with

¹ Arch. Nat., G⁷. 231, Troyes, 29 Avril 1706, Placet des Marchands; G⁷. 231, Troyes, 19, 20, 25 Mai 1706; G⁷. 232, Troyes, 19 Octobre 1706; G⁷. 232, Troyes, 13 Mai 1707; 16 Novembre 1707.

² Arch. Nat., G⁷. 231, Châlons, 7 Mars 1706, De Harouys; G⁷. 231, Châlons, 19 Mai 1706; G⁷. 232, Châlons, Novembre 1707.

³ Arch. Nat., G⁷. 187, Nantes, 5 Mai 1707, Juge des March., Consul, et Divers March.

the government notes or other currency troubles; it was simply a serious commercial problem which had come to the attention of the Intendant.

From Bordeaux Bézons writes:

It is necessary that there should be some specie on the "change" here. There are many foreign bills of exchange on Paris, and if there is no money to be had, there is cause to apprehend that the favorable commercial outlook will be seriously affected. . . . It is essential to the interests of trade that no more specie be shipped to Paris. M. Delasse, Receiver General [of the taxes], has recently sent 80,000 ¹¹ in specie. It is unfortunate that this money has gone out of the province, and I presume to suggest that it would be well for you to order the Receiver General to ship no more coin.¹

A few days later he writes in the same vein:

I have already written you of the importance of not shipping specie from this province, and that it would be advantageous if some could be sent in, so that the merchants who have good bills of exchange might buy wine for foreign export. It is impossible to buy without paying cash for at least part of the wine. Most of those who ship wine to foreign parts are themselves unnaturalized foreigners, who have not a square foot of land in the Kingdom, and it is impossible for the wine growers to entrust their goods to such persons without receiving some money down. These merchants may go away, if they find that they cannot find any money, on bills of exchange on Paris. More have come in since I wrote last, so that now it is asserted that there are bills here to the amount of two million livres. On the larger bills it is impossible to find money. Some persons have been able to realize on the smaller bills at a loss of 1½ per cent. Consequently, if any specie is shipped to Paris in the present juncture, the trade of the province will be ruined. Every effort has been made to find money in all the places where it has seemed possible that there should be any.²

The suggestions of the Intendant were followed, and, on the twenty-ninth of the month, he writes that the orders to ship no more money will have a good effect.³ On February 6, 1700, he writes:

You will not be sorry to learn that the trade in bills of exchange has improved since the first of the month. There have been many foreign bills

¹ Arch. Nat., G⁷. 138, Bordeaux, 14 Octobre 1699, Bézons au C. G.

² Arch. Nat., G⁷. 138, Bordeaux, 17, 24 Octobre 1699, Bézons.

³ Arch. Nat., G⁷. 138, Bordeaux, 29 Octobre 1699.

on the 'change. The person in charge of the general receipt of taxes at Bordeaux told me yesterday that he would be able to remit, in bills on Paris, in the course of the month, all the specie he had on hand at the end of January. I know that all who have money make a slight profit by taking up bills.¹

The interpretation of these documents is not unattended by difficulties, but all the attendant circumstances suggest that this incident is the beginning of the systematic application of the government specie to commercial purposes. The necessity of remitting taxes to Paris is brought into relation with the increasing volume of commercial bills on Paris. The government specie tends to balance the commercial payments on the capital. It is possible, on the other hand, that the incident of 1699 was a passing crisis. In a sense this was true, but, like so many crises, this seems to have left a permanent impress upon the commercial practices of the time. We may say, then, that the domestic exchange between Paris and Bordeaux became definitely organized only toward the close of the seventeenth century.

But this conclusion must not be accepted without some reservation. The use of bills of exchange by the financial officials in the provinces had become well established by 1680, for in one of Savary's *Parères* we find this statement:

The use of bills of exchange was at first introduced by merchants to facilitate their commerce with the towns of the Kingdom or with foreign towns. This led to the establishment of the banking business. . . . The use of bills of exchange was adopted later by the Receivers of the Taille, the General Receivers of Finances, the Farmers of Royal Revenue, Government Contractors, and other financial and administrative officials. This practice was made necessary by the close connection between these financial officials and the business men, and by the expediency of remitting in bills the sums received by them, instead of shipping specie. Inasmuch as these officials deal in money and in bills of exchange [*négoient leur argent et leurs lettres de change*], they are considered *marchants* and are amenable to the consular jurisdiction. Finally, this use of bills of exchange has extended to persons of other conditions and professions. Judicial officers and nobles employ their funds by taking up

¹ Arch. Nat., G⁷. 139, Bordeaux, 6 February 1700, Bézons; Boislisle, *op. cit.*, 154, 532, Bordeaux, 9 Octobre 1703; De la Bourdonnaye, 14 Février 1705.

See also letters of 3 Janvier 1705; 27 Janvier, 21 Février 1705; and 29 Août 1705. On the *billets de monnaie* at Bordeaux see Arch. Nat., G⁷ 141, letters of 13 Février 1706; 5 Juin 1706.

bills, so that they, too, are subject to the Consular courts, and must submit to the rigorous penalties prescribed by the ordinances against those who draw, endorse, or accept bills of exchange.¹

It is clear that the government agents made some use of credit instruments, but that they took up bills against Paris as systematically as at the close of the century is by no means so certain. Much business was done through brokers, and it is evident that such transactions were not purchases of bills on Paris in provincial cities, but deals of a very different character.

Most of the persons who compete for the farms of the royal revenue do not take much pains actually to have on hand the sums which they engage to pay in advance. They know, or at least they hope, that they will be able to secure all the money they need from the brokers. In fact, as soon as the "farms" are awarded, and those who are interested are known to the public, four or five brokers are sure to offer their services, promising to find money for them as long as they have need.

The brokers have them draw bills of exchange payable in three months, which they take on their own account, giving in exchange actual specie or bills payable to order or to bearer.²

Elsewhere Savary describes an operation which resembles more closely the taking up of bills noted in the letters of the close of the century:

Many persons such as Receivers General of Finances or Receivers of Particular Revenues, Treasurers, "Farmers," and other officials who have money at their disposal, put these sums in the hands of brokers for investment. For personal reasons they desire that none should know that these bills originate with them, so the brokers are obliged to draw the bills in their own names.³

In short, there was an active circulation of commercial paper, and the government funds did enter into the exchange business. But there is nothing in these general remarks to indicate a definite organization of domestic exchange.⁴ The one element of certainty is the influence of government business upon the exchange relations of Paris. The remittances of taxes did much to swell the

¹ Savary, *Le Parfait Négociant*, II, 162, Parère XIX (Paris, 20 Septembre 1680).

² Savary, *op. cit.*, II, 96, Parère XIV (1680).

³ *Ibid.*, II, 92, Parère XIV (1680).

⁴ See also Bib. Nat., Mel. Colb., 118-350, Montauban, 14 Novembre 1663, Pellot à Colbert; Mel. Colb., 123-80, Fontainebleau, 7 Août 1664, Manevillet.

volume of business and formed an excellent balance for commercial debts due at Paris. The number of noblemen and bishops coming up to court to live also increased the exchange business of the capital, as their revenues were largely remitted in bills. The bishops and higher nobles were obliged to resort to indirect means, as they could not draw bills personally. The dignity of their rank rendered it impossible for them to submit to the indignity of personal detention for debt, and, consequently, they were obliged to seek indirect channels.¹

There had been informal dealing in commercial paper at Paris and other places since the middle of the sixteenth century. In Paris, as in most of the important towns of France, "bourses" were established. The bourse of the sixteenth century, however, was very different from its modern successor. The bourse at Lyons was first established in point of time, but its history is obscure, so that the Letters Patent of 1549, establishing a bourse at Toulouse, are most frequently cited.² In 1560 Rouen received a similar grant. A bourse was erected at Paris in 1563, and in 1566 similar establishments were made in all the towns of France in which there was a presidial court.³ These bourses were merely commercial courts composed of judges elected by the merchants. The Letters Patent at Toulouse run: "They shall elect a Prior and two Consuls who shall have cognizance in first instance of all suits and contests arising over merchandise, bills of exchange, insurance, accounts, or other things. Appeal shall lie directly to the Parlement of Toulouse." The merchants were also given authority to levy contributions for the construction or purchase of a building. The history of the bourse at Toulouse is largely a succession of contests with the Parlement. There is only incidental connection between the bourse and the actual negotiation of commercial paper. Undoubtedly the possession of a building was not without its influence, but there was nothing formal. At

¹ Savary, *op. cit.*, II, 163-64, Parère XIX, 20 Septembre 1680.

² F. Astre, "L'Ancienne Bourse de Toulouse," *Mém. de l'Acad. des Sciences et des Belles Lettres de Toulouse*, 5 Sér., VI, 71; 6 Sér., I, 40; Vaissette, *Hist. de Languedoc*, XII, 548; Lettres Patentes, 23 Decembre 1549.

³ Bornier, *Ordonnance du commerce*, ed. 1757, pp. 638-39.

Bordeaux the bourse leaves the same impress on the records, but here the rivalry lay between the municipality and the bourse. In 1566 the judge and consuls of the bourse petitioned for an extension of authority. They wished to have cognizance of all cases arising out of simple loans between merchants, and declared that all merchants within the jurisdiction of the Parlement of Bordeaux should have the right to bring their suit before the bourse.¹

The bourse at Paris has left slight traces in the records that still survive; in all probability the destruction of the Hotel de Ville has deprived us of valuable documents. But there is no reason to suppose that the functions of the bourse were different. It was not a market for commercial paper, but a merchants' court.

The connection with the money market was largely incidental. The bourse was one of the buildings attached to the galleries of the Palais de Justice, and the merchants assembled in the morning, and again in the afternoon, to deal in commercial paper. In the absence of regular dealing in stocks and bonds, this negotiation of bills and notes must have been the principal occasion of the gatherings at the bourse, from nine to eleven in the morning and from two to four o'clock in the afternoon.²

In the eighteenth century the dealing in commercial paper was combined with speculation in bonds and government notes (*billets de monnaie*). The location of the market was changed, and finally an inclosure on the site of the present bourse was set aside for this business. The innovation was largely the outcome of the abuses that arose in connection with speculation in government paper and the Mississippi scheme. The beginning of this fever was in 1702, when the issue of *billets de monnaie*, combined with the depreciation of the coinage and the war with Spain, led to a decline in paper. A considerable trade in this paper sprang up in Rue Quincampoix, where most of the banking houses had their offices.

The rise of the financial schemes of Law led to an increased violence of speculative activity. Previously all the business of the street had been transacted within doors, in the divers banking

¹ *Registres de la Jurade de Bordeaux*, II, 637-38, 5 Mars 1566-67, Letters Patent of March 1, 1566/7, granting some of the requests; see also *ibid.*, II, 608, 612, 629.

² Ehrenberg, *Zeitalter der Fugger*, II, 300.

houses. When the demand for Mississippi shares had reached considerable proportions, the operations could no longer be carried on in the limited space available, and the street itself was filled with buyers and sellers. The narrowness of this particular thoroughfare made it necessary to close the street to all traffic, and while the excitement was at its height, chains were extended and *gens d'armes* detailed to keep speculators out of the inclosure except during fixed hours of daylight.¹

The disorders of this period of speculative fever led to the establishment of the new bourse on its present site. This was purely and simply a loan market, covering dealing in bonds as well as the negotiation of commercial paper. No trace is left of the old judicial functions of the judge and consuls of the bourse. They certainly had no authority in the new inclosure, which was under the supervision of the lieutenant-general of police.

The edict bears the date September 24, 1724, and recites, as its occasion, the necessity "of establishing in Paris a place where business men can assemble at a certain hour to transact commercial affairs, both domestic and foreign; negotiations of bills of exchange, of bills to bearer, or to order, and other commercial paper; dealings in merchandise and effects." All commercial affairs were to be brought to this place to the exclusion of other places. The most important aspect of the ordinance is the clause giving effect to this idea of exclusiveness. All dealing in commercial paper was henceforth to be confined to the bourse. Sales in private offices, in houses, rooms, or cafés, were no longer valid, and any person found guilty of such an act was punishable by imprisonment and a fine of six thousand francs.² The concentration of commercial business was thus made compulsory. The money market became absolutely comprehensive.

But there was no attempt to exclude proper persons from the bourse. "Business men, merchants, bankers, financiers, bill brokers, bourgeois, and other persons of good repute, domiciled

¹ Ehrenberg, *Zeitalter der Fugger*, II, 309; Winston Glyn, *Jean Law of Lauriston*, 1908; Du Hautchamp, *Histoire du système des finances*, I, 184.

² Art. XII. The ordinance is published by Ehrenberg, *Zeitalter der Fugger*, II, 352; Bornier, *Ordonnance du commerce*, ed. 1757, p. 771.

in Paris, shall have the right to enter the bourse. Foreigners shall also be permitted to enter if accompanied by a merchant of Paris, or some householder of Paris."¹ To make these provisions effective, all persons having a right to enter the bourse were given badges, and a gendarme was stationed at the entrance to keep out all persons who could not exhibit their badges.²

The bourse was open on week days, from ten in the morning till one in the afternoon. The mode of transacting business, however, was very different from the practice of the bourse of today. All business must needs be transacted by brokers, but the brokers were not allowed to bid in what we would call an "open market." "To maintain order and tranquillity in the bourse so that each may transact his business without interruption, His Majesty forbids the calling out of prices in a loud voice, or the making of signs, or any maneuver to cause prices to rise and fall."³ Everything was done by personal parley, and although the transaction of business must have been rendered difficult, the outward appearance of the bourse must have been more agreeable to the uninitiated. Everything was reduced to a formal negotiation.

When two brokers have come to an agreement, they shall give each other notes promising on the one hand to furnish the effects involved, and on the other hand to tender the price of the said effects. Each note shall be stamped with the number under which the transaction is registered by the broker giving the note, and also with the number of the transaction on the books of the other broker.⁴

The innovations made by the edict were not great, but this establishment of the bourse on its present site at the head of Rue Vivienne on the "Place de la Bourse" does signify the culmination of an important period in the history of Paris. It represents the completion of the exchange machinery of the metropolis. The bill market, which had gradually become a real center for domestic and foreign exchange, now became comprehensive by royal fiat, and, being combined with the general loan market, the unity of the money market was complete. The general significance of the history of Paris is emphasized also by the fact that this is the first continental bourse of the modern type.

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¹ Art. IV.

² Arts. III, V, VI, VII.

³ Art. XV.

⁴ Art. XXX.